

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 22, 2021

4495 Stockton Boulevard, located at 4995 Stockton Boulevard in Sacramento, requested and is being recommended for a reservation of \$3,514,339 in annual federal tax credits and \$13,907,016 in total state to finance the new construction of 198 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Mercy Housing California and will be located in Senate District 6 and Assembly District 7.

Project Number CA-21-730

Project Name 4995 Stockton Boulevard
 Site Address: 4995 Stockton Boulevard
 Sacramento, CA 95820 County: Sacramento
 Census Tract: 31.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,514,339	\$13,907,016
Recommended:	\$3,514,339	\$13,907,016

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Mercy Housing California
 Contact: Stephan Daues
 Address: 1256 Market Street
 San Francisco, CA 94102
 Phone: 916-414-4440
 Email: sdaues@mercyhousing.org

General Partner(s) or Principal Owner(s): Mercy Housing California 105 LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Mercy Housing California
 Developer: Mercy Housing California
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: California Housing Partnership
 Management Agent: Mercy Housing Management Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 23
 Total # of Units: 200
 No. / % of Low Income Units: 198 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 27	14%
50% AMI: 71	36%
60% AMI: 51	26%
70% AMI: 49	25%

Unit Mix

47 1-Bedroom Units
 95 2-Bedroom Units
58 3-Bedroom Units
 200 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
9 1 Bedroom	30%	\$510
9 2 Bedrooms	30%	\$612
9 3 Bedrooms	30%	\$706
10 1 Bedroom	50%	\$850
44 2 Bedrooms	50%	\$1,020
17 3 Bedrooms	50%	\$1,178
15 1 Bedroom	60%	\$1,020
22 2 Bedrooms	60%	\$1,224
14 3 Bedrooms	60%	\$1,413
13 1 Bedroom	70%	\$1,190
18 2 Bedrooms	70%	\$1,428
18 3 Bedrooms	70%	\$1,649
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,717,275
Construction Costs	\$54,072,305
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,712,115
Soft Cost Contingency	\$590,000
Relocation	\$0
Architectural/Engineering	\$2,171,360
Const. Interest, Perm. Financing	\$4,848,407
Legal Fees	\$100,000
Reserves	\$591,569
Other Costs	\$3,586,243
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$75,889,274

Residential

Construction Cost Per Square Foot:	\$281
Per Unit Cost:	\$379,446
True Cash Per Unit Cost*:	\$379,446

Construction Financing

Source	Amount
Wells Fargo Tax-Exempt	\$39,671,000
Wells Fargo Taxable	\$15,637,187
SHRA Loan	\$4,500,000
SHRA Loan	\$9,000,000
Deferred Interest	\$500,622
Deferred Cost	\$2,458,900
Tax Credit Equity	\$4,121,565

Permanent Financing

Source	Amount
CCRC Tax Exempt	\$17,283,000
SHRA Loan	\$5,000,000
SHRA Loan	\$10,000,000
Deferred Interest	\$500,622
Tax Credit Equity	\$43,105,652
TOTAL	\$75,889,274

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$67,583,451
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$87,858,486
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,514,339
Total State Credit:	\$13,907,016
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.89187
State Tax Credit Factor:	\$0.84579

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.